

**PHILIP MORRIS U.S.A.
MARLBORO PROFITABILITY**
(\$ millions)

	1996		1995		1994	
	CURRENT BUDGET		ACTUAL		ACTUAL	
	\$	PER M	\$	PER M	\$	PER M
UNIT VOLUME	149,334		144,866		137,744	
MARGINAL CONTRIBUTION	\$5,468.9	\$36.62	\$5,041.1	\$34.80	\$4,663.6	\$33.86
DIRECT MARKETING						
BRAND PROGRAMS						
ADVERTISING						
ADV. - MAINLINE	111.7	0.75	94.3	0.65	123.0	0.89
ADV. - SPECIAL IMPACT UNITS	33.5	0.22	66.3	0.46	22.4	0.16
SUBTOTAL ADVERTISING	145.2	0.97	160.6	1.11	145.4	1.06
EVENTS	86.3	0.58	55.7	0.38	32.4	0.24
RETAIL PROMOTIONS	622.5	4.16	608.0	4.19	711.3	5.16
COUPONING	0.0	0.00	0.0	0.00	(10.0)	(0.07)
DIRECT	54.0	0.36	80.2	0.55	76.4	0.55
POS/ARTWORK	22.5	0.15	32.0	0.22	17.4	0.13
OTHER	1.5	0.01	(12.90)	(0.09)	(3.1)	(0.02)
	932.0	6.24	923.6	6.38	969.8	7.04
RETAIL SUPPORT	438.7	2.94	402.6	2.78	391.9	2.85
TOTAL DIRECT MARKETING	\$1,370.7	\$9.18	\$1,326.2	\$9.15	\$1,361.7	\$9.89
NET CONTRIBUTION	<u>\$4,098.2</u>	<u>\$27.44</u>	<u>\$3,714.9</u>	<u>\$25.64</u>	<u>\$3,301.9</u>	<u>\$23.97</u>
% CHANGE FROM PRIOR YEAR	10.3%	7.0%	12.5%	7.0%	32.5%	4.2%

NOTE: OFFSET FOR \$2.7 UNFUNDED IN THE MARLBORO BUDGET IS IN THE RETAIL PROMOTIONS LINE (UNLIMITED RAIL CAR CONSTRUCTION \$2.7).

2073611531